

# House Study Bill 229

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
ECONOMIC GROWTH BILL BY  
CHAIRPERSON THOMAS)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act creating an endow Iowa planned gift tax credit and  
2 including a retroactive applicability date.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 2352HC 82  
5 tm/je/5

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1 1 Section 1. Section 15E.303, Code 2007, is amended by  
1 2 adding the following new subsection:  
1 3 NEW SUBSECTION. 3A. "Endow Iowa planned gift" means an  
1 4 irrevocable contribution to a permanent endowment held by an  
1 5 endow Iowa qualified community foundation when the  
1 6 contribution uses any of the following techniques that are  
1 7 authorized by the Internal Revenue Code:  
1 8 a. Charitable remainder unitrusts, as defined by 26 U.S.C.  
1 9 } 664.  
1 10 b. Charitable remainder annuity trusts, as defined by 26  
1 11 U.S.C. } 664.  
1 12 c. Pooled income fund trusts, as defined by 26 U.S.C. }  
1 13 642(c)(5).  
1 14 d. Charitable lead unitrusts qualifying under 26 U.S.C. }  
1 15 170(f)(2)(B).  
1 16 e. Charitable lead annuity trusts qualifying under 26  
1 17 U.S.C. } 170(f)(2)(B).  
1 18 f. Charitable gift annuities undertaken pursuant to 26  
1 19 U.S.C. } 1011(b).  
1 20 g. Deferred charitable gift annuity undertaken pursuant to  
1 21 26 U.S.C. } 1011(b).  
1 22 h. Charitable life estate agreements qualifying under 26  
1 23 U.S.C. } 170(f)(3)(B).  
1 24 i. Paid-up life insurance policies meeting the  
1 25 requirements of 26 U.S.C. } 170.  
1 26 Sec. 2. NEW SECTION. 15E.305A ENDOW IOWA PLANNED GIFT  
1 27 TAX CREDIT.  
1 28 1. For tax years beginning on or after January 1, 2007, a  
1 29 tax credit shall be allowed against the taxes imposed in  
1 30 chapter 422, divisions II, III, and V, and in chapter 432, and  
1 31 against the moneys and credits tax imposed in section 533.24  
1 32 equal to twenty percent of the present value of the aggregate  
1 33 amount of the charitable gift portion of a taxpayer's endow  
1 34 Iowa planned gift, as determined by applicable provisions of  
1 35 the Internal Revenue Code, to an endow Iowa qualified  
2 1 community foundation. An individual may claim a tax credit  
2 2 under this section of a partnership, limited liability  
2 3 company, S corporation, estate, or trust electing to have  
2 4 income taxed directly to the individual. The amount claimed  
2 5 by the individual shall be based upon the pro rata share of  
2 6 the individual's earnings from the partnership, limited  
2 7 liability company, S corporation, estate, or trust. A tax  
2 8 credit shall be allowed only for an endow Iowa planned gift  
2 9 made to an endow Iowa qualified community foundation for a  
2 10 permanent endowment fund established to benefit a charitable  
2 11 cause in this state. Any tax credit in excess of the  
2 12 taxpayer's tax liability for the tax year may be credited to  
2 13 the tax liability for the following five years or until  
2 14 depleted, whichever occurs first. A tax credit shall not be  
2 15 carried back to a tax year prior to the tax year in which the  
2 16 taxpayer claims the tax credit.  
2 17 2. a. The aggregate amount of tax credits authorized  
2 18 pursuant to this section shall not exceed a total of four

2 19 million dollars annually. The maximum amount of tax credits  
2 20 granted to a taxpayer in a calendar year shall not exceed two  
2 21 and one-half percent of the aggregate amount of tax credits  
2 22 authorized.

2 23 b. Ten percent of the aggregate amount of tax credits  
2 24 authorized in a calendar year shall be reserved for those  
2 25 endow Iowa planned gifts in amounts of thirty thousand dollars  
2 26 or less. If by September 1 of a calendar year the entire ten  
2 27 percent of the reserved tax credits is not distributed, the  
2 28 remaining tax credits shall be available to any other eligible  
2 29 applicants.

2 30 3. A tax credit shall not be transferable to any other  
2 31 taxpayer.

2 32 Sec. 3. RETROACTIVE APPLICABILITY. This Act is  
2 33 retroactively applicable to January 1, 2007, and applies to  
2 34 tax years beginning on and after that date.

2 35 EXPLANATION

3 1 This bill creates an endow Iowa planned gift tax credit.

3 2 For tax years beginning on or after January 1, 2007, the  
3 3 bill allows a tax credit be allowed against personal and  
3 4 corporate income tax liabilities, franchise tax liabilities  
3 5 for financial institutions, insurance premium tax liabilities,  
3 6 and moneys and credits tax liabilities. The bill provides  
3 7 that the tax credit shall equal 20 percent of the present  
3 8 value of the aggregate amount of the charitable gift portion  
3 9 of a taxpayer's endow Iowa planned gift, as determined by  
3 10 applicable provisions of the Internal Revenue Code, to an  
3 11 endow Iowa qualified community foundation. The bill provides  
3 12 that a tax credit shall be allowed only for an endow Iowa  
3 13 planned gift made to an endow Iowa qualified community  
3 14 foundation for a permanent endowment fund established to  
3 15 benefit a charitable cause in this state. The bill provides  
3 16 that any tax credit in excess of the taxpayer's tax liability  
3 17 for the tax year may be credited to the tax liability for the  
3 18 following five years or until depleted, whichever occurs  
3 19 first. The bill provides that a tax credit shall not be  
3 20 carried back to a tax year prior to the tax year in which the  
3 21 taxpayer claims the tax credit.

3 22 The bill provides that the aggregate amount of tax credits  
3 23 authorized shall not exceed a total of \$4 million annually.  
3 24 The bill provides that the maximum amount of tax credits  
3 25 granted to a taxpayer in a calendar year shall not exceed 2.5  
3 26 percent of the aggregate amount of tax credits authorized.

3 27 The bill provides that 10 percent of the aggregate amount  
3 28 of tax credits authorized in a calendar year shall be reserved  
3 29 for those endow Iowa planned gifts in amounts of \$30,000 or  
3 30 less.

3 31 The bill provides that a tax credit shall not be  
3 32 transferable to any other taxpayer.

3 33 The bill is retroactively applicable to January 1, 2007,  
3 34 and applies to tax years beginning on and after that date.

3 35 LSB 2352HC 82

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